

SEALEDU. S. DISTRICT COURT
DISTRICT OF NEBRASKAIN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEBRASKA

12 FEB 23 PM 5:12

OFFICE OF THE CLERK

| | | |
|-----------------------------|---|---------------------|
| UNITED STATES OF AMERICA, |) | 8:12CR 56 |
| Plaintiff, |) | INDICTMENT |
| |) | [18 U.S.C. §286 |
| v. |) | 18 U.S.C. §287 |
| |) | 26 U.S.C. §7212(a)] |
| DAVID LEE KLEENSANG, |) | |
| BERNITA MARGARET KLEENSANG, |) | |
| Defendants. |) | |

The Grand Jury charges:

COUNT I

From on or about March 19, 2008, and continuing to on or about September 29, 2008, in the District of Nebraska, the defendants, DAVID LEE KLEENSANG and BERNITA MARGARET KLEENSANG, and others, both known and unknown to the grand jury, agreed, combined and conspired with others and each other to defraud the United States by obtaining and aiding to obtain the payment or allowance of false, fictitious and fraudulent claims on behalf of themselves and each other by submitting false claims for income tax refund with the United States Department of Treasury through the Internal Revenue Service (IRS). The conspiracy was accomplished, in part, as follows:

1. From on or about March 19, 2008 through on or about September 29, 2008, defendant DAVID LEE KLEENSANG filed and caused to be filed approximately sixty-four (64) separate U.S. Individual Income Tax Returns, Forms 1040, for calendar year 2007 claiming refunds to which he knew he was not entitled. Each of these income tax returns was filed under his name and had the following characteristics: (a) filing status of married filing separately; (b) the only income listed was "other income," which was purportedly based on a false, fictitious and fraudulent Form 1099-OID; (c) the total tax listed was \$0; (d) the income tax withheld was listed as the same amount as the

Form 1099-OID income; and (e) a refund was claimed in the full amount falsely and fraudulently claimed to have been withheld.

2. From on or about March 19, 2008 through on or about June 10, 2008, defendant BERNITA MARGARET KLEENSANG filed and caused to be filed approximately ten (10) separate U.S. Individual Income Tax Returns, Forms 1040, for calendar year 2007 claiming refunds to which she knew she was not entitled. Each of these income tax returns was filed under her name and had the following characteristics: (a) filing status of married filing separately; (b) the only income listed was "other income," which was purportedly based on a false, fictitious and fraudulent Form 1099-OID; (c) the total tax listed was \$0; (d) the income tax withheld was listed as the same amount as the Form 1099-OID income; and (e) a refund was claimed in the full amount falsely and fraudulently claimed to have been withheld.

3. To assist in accomplishing this scheme and conspiracy, defendants DAVID LEE KLEENSANG and BERNITA MARGARET KLEENSANG utilized the services of a notary public from the State of Georgia on documents attached to some of the above-mentioned income tax returns filed with the Internal Revenue Service. This notary was also used to notarize and send out various forms to persons and entities whose names appeared on the Forms 1099-OID referenced in the above-mentioned income tax returns.

4. It was a part of the scheme and conspiracy that defendants DAVID LEE KLEENSANG and BERNITA MARGARET KLEENSANG would issue Forms 1099-OID to their creditors and to attorneys, judges, court clerks and other county employees who were involved in obtaining, issuing, collecting and/or filing judgments or assessments against the Kleensangs. These same Forms 1099-OID were then attached to and referenced in the various Forms 1040 Income Tax Returns which

were filed and caused to be filed with the IRS by defendants DAVID LEE KLEENSANG and BERNITA MARGARET KLEENSANG.

5. It was a further part of the scheme and conspiracy that defendants DAVID LEE KLEENSANG and BERNITA MARGARET KLEENSANG would create and cause to be created and use and cause to be used various fictitious documents purporting to be financial instruments. These instruments were called: (a) Bonded Promissory Note; (b) Private Discharging and Indemnity Bond; and (c) Private Offset Bond.

6. It was a further part of the scheme and conspiracy that defendants DAVID LEE KLEENSANG and BERNITA MARGARET KLEENSANG would include the amount of \$5 million on some of their Forms 1099-OID and bonded promissory notes, purportedly for the purpose of obtaining "justice" against the individuals listed on the Forms 1099-OID because the defendants claimed those individuals had wronged them during a civil lawsuit. In other instances, the named recipient on the Form 1099-OID was a creditor of DAVID LEE KLEENSANG and/or BERNITA MARGARET KLEENSANG, and the amount listed on the Form 1099-OID was the amount due and owing the listed creditor. Accordingly, the amounts reported on the various Forms 1099-OID that DAVID LEE KLEENSANG and BERNITA MARGARET KLEENSANG attached to these 2007 individual income tax returns were false. Further, all of the Forms 1099-OID falsely claimed that federal income tax had been withheld when, in fact, no amounts had been withheld.

7. It was a further part of the scheme and conspiracy that DAVID LEE KLEENSANG did continue to submit 2007 individual income tax returns in the manner and form described in paragraph 1 above even after receiving written notice from the Internal Revenue Service that earlier similarly submitted returns by him were deemed to be frivolous.

8. It was a further part of the scheme and conspiracy that defendant BERNITA MARGARET KLEENSANG did receive, endorse and deposit into a joint checking account held by defendants DAVID LEE KLEENSANG and BERNITA MARGARET KLEENSANG a United States Treasury tax refund check which was issued by the Internal Revenue Service before the nature of the fraudulent scheme was detected .

In violation of Title 18, United States Code, Section 286.

COUNTS II THROUGH XIV

1. On or about the dates listed below, within the District of Nebraska, the defendant, DAVID LEE KLEENSANG , made and presented, and caused to be made and presented, to the United States material claims against the United States for payment of fraudulent tax refunds in the amounts listed below, with knowledge that such claims were false, fictitious and fraudulent. The defendant, DAVID LEE KLEENSANG, made the material false claims by preparing and causing to be prepared, and submitting and causing to be submitted to the United States Treasury Department, through the Internal Revenue Service, U.S. Individual Income Tax Returns, Forms 1040, for calendar year 2007 for David L. Kleensang, with attached fictitious Forms 1099-OID, Original Issue Discount, and other documents.

2. The allegations of paragraph 1 above are repeated and re-alleged in Counts II through XIV, inclusive, of this Indictment, as though fully set forth therein. Further, the allegations of paragraphs 1, 3, 4, 5, 6 and 7 of Count I above are repeated and re-alleged in Counts II through XIV, inclusive, of this Indictment, as though fully set forth therein.

| COUNT | DATE OF OFFENSE | NAME ON FORM 1099-OID REFERENCED ON THE RETURN | REFUND CLAIMED |
|-------|----------------------------|---|----------------|
| II | On or about April 7, 2008 | E.K. d/b/a District Court Clerk | \$356,153.64 |
| III | On or about March 24, 2008 | E.K. d/b/a District Court Clerk and B.C.S. d/b/a District Court Judge | \$2,500,000 |
| IV | On or about March 24, 2008 | H.O. d/b/a Attorney | \$5,000,000 |
| V | On or about March 19, 2008 | E.K. d/b/a District Court Clerk | \$5,000,000 |
| VI | On or about April 8, 2008 | B.C.S. d/b/a Judge District Court | \$2,500,000 |
| VII | On or about April 18, 2008 | D.D.K. d/b/a Attorney Sheridan County | \$5,000,000 |
| VIII | On or about May 15, 2008 | T.R. d/b/a Sheriff | \$5,000,000 |
| IX | On or about May 7, 2008 | J.M.C. d/b/a Attorney | \$155,000 |
| X | On or about June 6, 2008 | J.M.C. d/b/a Attorney | \$170,000 |
| XI | On or about June 18, 2008 | T.A.W. d/b/a Assessor | \$15,501 |
| XII | On or about June 26, 2008 | R.L.L. d/b/a Judge | \$166,502.12 |
| XIII | On or about May 7, 2008 | T.A. d/b/a Account Representative Ford Motor Company | \$849.06 |
| XIV | On or about June 18, 2008 | T.A.W. d/b/a Sheridan County Assessor | \$89,479 |

In violation of Title 18, United States Code, Section 287.

COUNTS XV THROUGH XX

1. On or about the dates listed below, within the District of Nebraska, the defendant, BERNITA MARGARET KLEENSANG, made and presented, and caused to be made and presented, to the United States material claims against the United States for payment of fraudulent tax refunds in the amounts listed below, with knowledge that such claims were false, fictitious and fraudulent. The defendant, BERNITA MARGARET KLEENSANG, made the material false claims by preparing and causing to be prepared, and submitting and causing to be submitted to the United States Treasury Department, through the Internal Revenue Service, U.S. Individual Income Tax Returns, Forms 1040, for calendar year 2007 for Bernita M. Kleensang, with attached fictitious Forms 1099-OID, Original Issue Discount, and other documents.

2. The allegations of paragraph 1 above are repeated and re-alleged in Counts II through XIV, inclusive, of this Indictment, as though fully set forth therein. Further, the allegations of paragraphs 2, 3, 4, 5, 6 and 8 of Count I above are repeated and re-alleged in Counts XV through XX, inclusive, of this Indictment, as though fully set forth therein.

| COUNT | DATE OF OFFENSE | NAME ON FORM 1099-OID REFERENCED ON THE RETURN | REFUND CLAIMED |
|--------------|----------------------------|---|-----------------------|
| XV | On or about June 6, 2008 | T.E.R. d/b/a Sheriff | \$5,000,000 |
| XVI | On or about March 19, 2008 | B.C.S. d/b/a District Court Judge | \$2,500,000 |
| XVII | On or about March 24, 2008 | E.J.K. dba District Court Clerk | \$2,500,000 |

| | | | |
|-------|----------------------------|---|-------------|
| XVIII | On or about March 19, 2008 | T.E.R. d/b/a Sheridan County Sheriff | \$5,000,000 |
| XIX | On or about April 8, 2008 | E.J.K. d/b/a District Court Clerk | \$2,500,000 |
| XX | On or about April 18, 2008 | J.R.W. d/b/a Attorney Security First Bank | \$5,000,000 |

In violation of Title 18, United States Code, Section 287.

COUNT XXI

On or about the 15th day of September, 2009, in the District of Nebraska, the defendant, DAVID LEE KLINGSANG, did corruptly endeavor to obstruct and impede the due administration of the internal revenue laws by sending to the IRS Technical Support Division in Washington, D.C. the following items: (a) Form 1040-V Payment Voucher in the amount of \$207,405.10; (b) letter dated September 15, 2009; and (c) a document purporting to be a Certified Money Order in the amount of \$207,405.10, and that the defendant, DAVID LEE KLEENSANG, did send a letter to the IRS Service Center in Fresno, California requesting the release of a Notice of Federal Tax Lien on the grounds that he claimed the tax liability was fully discharged by the purported money order sent to the IRS Technical Support Division as described above, when, in fact, the purported Certified Money Order was not a valid financial instrument capable of discharging the defendant's tax lien.

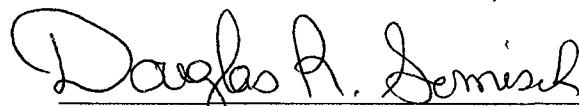
In violation of Title 26, United States Code, Section 7212(a).

A TRUE BILL

FOREPERSON


DEBORAH R. GILG
United States Attorney

The United States of America requests that trial of this case be held in Omaha, Nebraska, pursuant to the rules of this Court.



DOUGLAS R. SEMISCH
Assistant U.S. Attorney